

State of California
Natural Resources Agency / Department of Conservation
GEOLOGIC ENERGY MANAGEMENT DIVISION

California Environmental Quality Act
Notice of Exemption

To: Office of Planning & Research
State Clearinghouse
1400 Tenth Street, Room 113
Sacramento, CA 95814

From: Department of Conservation
Geologic Energy Management Division
801 K Street, MS 18-05
Sacramento, CA 95814

Contact: Larry Kleinecke, (916) 445-9686

Project Title: UIC HOLMES PAL 464-00-0014

Project Applicant: Holmes Western Oil Corporation

Project Location: Midway-Sunset Oil Field

County: Kern

Section: 22

Township: 11N

Range/Baseline: 23W / SB B&M

Latitude/Longitude: 35.02957535, -119.33040619

Project Description: The proposed project is a conversion of existing or previously permitted wells to a new UIC project to Steamflood the Lower Tulare oil sands on the Leutholtz lease in the Midway-Sunset oil field. The Leutholtz lease is a split estate with private surface rights and Federal mineral rights.

The primary purpose of the UIC project is for Holmes Western Oil Corporation (Holmes) to construct and operate a new Steamflood project to enhance the recovery of heavy oil by steam injection. A combination of produced and municipal water will be used to generate steam. The steam will be pipelined to the lease using an existing steam line. Existing production facilities and steam generation equipment are sized appropriately to handle the project needs. The project will be implemented in three to five separate phases over a period of approximately five years. The proposed project is comprised of the following:

- Convert three existing Lower Tulare producers to Class II steam injection wells.
- Drill and complete 11 new Lower Tulare wells as Class II steam injection wells.
- Convert four existing cyclic steam producing wells to Temperature Observation wells.
- Drill remaining infill producers and injectors to complete injection patterns.

Holmes acquired permits for all proposed new wells from Kern County, BLM, and CalGEM. Holmes acquired permits from Kern County and BLM to install well pads and install necessary infrastructure. Holmes will request permits for well conversions from BLM, CalGEM, and Kern County (as appropriate).

NEPA documents provided to CalGEM for review include an Environmental Assessment (EA), Finding of No Significant Impact (FONSI,), and Decision Record (DR) prepared by the United States Department of the Interior Bureau of Land Management (BLM), a Sensitive Species Review form for APD's (Applications for Permit to Drill) and Sundry Notices, a BLM Oil and Gas Programmatic Biological

Opinion, and signed Kern County job cards issued prior to March 25, 2020. The BLM FONSI approves 34 APDs to drill 34 new production wells which include constructing 18 new well pads, grading existing well pads, and installing pipelines and power lines on Federal mineral lease CALA34993A. The NEPA documents C060-2020-0087-EA) are available here:

https://eplanning.blm.gov/epl-front-office/eplanning/nepa/nepa_register.do

Details on Underground Injection Control can be found on CalGEM's website at:

<http://www.conservation.ca.gov/calgem/Pages/Undergroundinjectioncontrol.aspx>

Exempt Status: As the Lead Agency, the Geologic Energy Management Division (CalGEM) determined that the proposed project is exempt from further environmental review requirements of the California Environmental Quality Act (CEQA), pursuant to the specified exemptions marked in the section below. The proposed project would not result in a significant adverse impact to the environment, or that any of the exceptions to the exemptions apply (14 CCR 15300.2).

Exemption Type	Statute (PRC)	Regulation (14 CCR)	
<input type="checkbox"/> Statutory Exemption: <input type="checkbox"/> Ongoing Project (<i>pre-CEQA. Approval prior to April 5, 1973</i>) <input type="checkbox"/> Ministerial <input type="checkbox"/> Declared Emergency <input type="checkbox"/> Emergency Projects	21169 21080 (b)(1) 21080 (b)(3) 21080 (b)(4)	15261 (b) 15268 15269 (a) 15269 (b) or (c)	
<input checked="" type="checkbox"/> Categorical Exemption: <input checked="" type="checkbox"/> Class 1: Existing Facilities <input type="checkbox"/> Class 3: New Construction/Conversion of Small Structures <input type="checkbox"/> Class 4: Minor Alterations to Land <input type="checkbox"/> Class 6: Information Collection <input type="checkbox"/> Class 7: Protection of Natural Resources <input type="checkbox"/> Class 8: Protection of the Environment <input type="checkbox"/> Class 11: Accessory Structures <input type="checkbox"/> Class 21: Enforcement Actions to revoke a permit <input type="checkbox"/> Class 30: Minor Actions to Prevent, Minimize, Stabilize, Mitigate, or Eliminate a Release (Actual or Threat) of Hazardous Substances (Waste or Material) <input type="checkbox"/> Class 33: Small Habitat Restoration Projects	21084	15301 15303 15304 15306 15307 15308 15311 15321 15330 15333	1684.1 1684.2
<input type="checkbox"/> General Exemption ("common sense")		15061 (b)(3)	
<input type="checkbox"/> Not a "Project" subject to CEQA		15378 (b)(2)	

➤ **Reasons Why Project is Exempt:**
